



WISCONSIN LEGISLATIVE COUNCIL ACT MEMO

2003 Wisconsin Act 304 [2003 Senate Bill 504]	Exemptions from Creditor Claims for Life Insurance and Annuity Contracts
2003 Acts: www.legis.state.wi.us/2003/data/acts/	Act Memos: www.legis.state.wi.us/lc/act_memo/act_memo.htm

2003 Wisconsin Act 304 amends the law relating to exemptions from creditor claims for: (1) an unmatured life insurance contract owned by the debtor that insures the debtor, his or her dependent, or a person on whom the debtor is dependent, other than a credit life insurance contract; (2) any accrued dividends, interest, or loan value (aggregate interest) in such life insurance; and (3) annuities *not* covered under s. 815.18 (3) (j), Stats., which relates to exemptions for retirement benefits. The Act does the following:

- Provides an exemption for the entire value of such a *life insurance* contract and for up to \$150,000 of the debtor's aggregate interest in such a life insurance contract, but *only if* the contract was issued at least 24 months before the earlier of the following (referred to as the "*applicable date*"): the date on which the exemption is claimed; or the date, if any, that the cause of action was filed that resulted in the judgment with respect to which the execution order was issued.
- Provides that if such a life insurance contract was issued less than 24 months before the applicable date, the total exemption may not exceed \$4,000.
- Provides that if such a life insurance contract was issued at least 24 months before the applicable date but was *funded* less than 24 months before the applicable date, the exemption is limited to the value of the contract the day before the first funding that occurred less than 24 months before the applicable date *plus* the lesser of:
 - The difference between the value of the contract on the applicable date and the value the day before the first funding that occurred less than 24 months before the applicable date; or
 - \$4,000.

This memo provides a brief description of the Act. For more detailed information, consult the text of the law and related legislative documents.

- Specifies that the Act's provisions with respect to **annuities** do not apply with respect to annuities already exempted under s. 815.18 (3) (j), Stats., which relates to exemptions for retirement benefits. Subject to this exception, the Act then provides an exemption for the entire value of an **annuity contract** owned by the debtor and insuring the debtor, his or her dependent, or a person on whom the debtor is dependent and for up to \$150,000 of the debtor's aggregate interest in the annuity contract, but **only if** the contract was issued at least 24 months before the applicable date.
- Provides that if such an annuity contract was issued less than 24 months before the applicable date, the total exemption may not exceed \$4,000.
- Provides that if such an annuity contract was issued at least 24 months before the applicable date but was funded less than 24 months before the applicable date, the exemption is limited to the value of the contract the day before the first funding that occurred less than 24 months before the applicable date **plus** the lesser of:
 - The difference between the value of the contract on the applicable date and the value the day before the first funding that occurred less than 24 months before the applicable date; or
 - \$4,000.

Effective Date; Initial Applicability: The Act became effective May 5, 2004, and its provisions apply to exemptions claimed on or after May 5, 2004.

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May 11, 2004

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